

THE ARTICLES OF INCORPORATION OF THE CENTRAL CHINA DEVELOPMENT COMPANY.
/CHU-SHINA SHINKO KABUSHIKI KAISHA/

CHAPTER 1. GENERAL PROVISIONS.

- Article 1. This company shall be established according to the Corporation Law of the Central China Development Company and shall be named the Central China Development Company.
- Article 2. This company shall have as its aims the promotion of the economic rehabilitation and development of Central China.
- Article 3. This company shall have a capital of Y 150,741,000. However the capital may be increased under Government permission.
- Article 4. The Government shall invest more than half the capital of this company. (Revised by the resolution of the special general meeting of the share-holders on April 20, Showa 17/1942/.)
- Article 5. In case the number of shares held by the Government exceed that of those held by persons other than the Government, the Government shall be unable to exercise the right to vote for the excess shares.
- Article 6. This company shall have its head office in Shanghai and a branch office in Kojimachi-ku, Tokyo.
- Article 7. The public notices of this company shall be made in the official gazette or Japanese language newspapers which carry current news in the localities where the company's Shanghai head office and Tokyo branch office are located.

CHAPTER 2. SHARES

- Article 8. This company shall have 3,014, 820 shares of Y 50 each. The shares of this company shall be registered shares.
- Article 9. The Government shall invest the following properties with a value of Y 7,640,000, against which this company shall grant 152,800 fully paid-up shares.
1. Locomotives, freight cars, passenger cars, and other rolling-stock.
 2. Railway lines, and rails and sleepers.
 3. Other railway facilities and accessories.
- Total value of above properties Y 7,640,000.
- Article 10. The share certificates of this company shall be issued in six denominations; one-share certificates, ten-shares certificates, fifty-shares certificates, one-hundred-shares certificates, one-thousand shares certificates and ten-thousand shares certificates.

- Article 11. The amount of the first capital payment shall be ¥ 12.50 for each of the shares held by persons other than the Government, and ¥ 13.27 for each of the shares held by the Government. The amounts, dates and ways of making the second and later capital payment shall be decided by the Governor according to the demands of the business. Each share-holder shall be notified thereof at least thirty days in advance. The capital payments on Government-owned shares may be made different from those on the other shares. The second and later capital payments on the Government owned shares may be paid with properties other than money. (Revised by resolution of the special general meeting of the share-holders on July 20, Showa 14/1939/.)
- Article 12. In case any share-holder fails to make capital payments on the payment date a penalty shall be charged at the rate of two sen per diem on every one hundred yen of money due from the day following the specified payment date to the day of actual payment.
- Article 13. When share-holders or their statutory representatives acquire shares, or when pledgees or their statutory representatives wish to have their pledge claim registered, they shall report to this company their names, addresses, and seals. The same shall be done when there has been any change in them. (Revised by the resolution of the special general meeting of the share-holders on March 27, Showa 15/1941/.)
- Share-holders and pledgees or their statutory representatives who have no domiciles or dwelling-places in the Empire shall fix their temporary dwelling-places or appoint their representatives in the Empire and report them to this company. The same shall be done when there has been any change in them. (Revised by the resolution of the regular shareholders meeting of March 28, Showa 15/1940/.
- Article 14. The shares of this company shall not be transferable to foreigners or foreign corporations without the approval of the Governor.
- Article 15. In case it is desired to transfer the ownership of the share certificate as the result of the transfer of the shares, an application drawn up in the form designated by this company and signed and sealed by the parties concerned, together with the share-certificates and such evidential documents as this company shall deem necessary shall be filed with this company. However, in the case of the transfer of shares by endorsement of the share certificate, the acquirer alone may apply for it. In case it is desired to register pledges, indicate properties under trust, or to have those cancelled, an application shall be filed with this company in accordance with the preceding clause. The same shall also apply correspondingly to the transfer of the ownership of the share-certificate as the result of changed names, succession or other causes. (Revised by the resolution of the regular general meetings of the share-holders on March 28, Showa 15/1940/ and on March 27, Showa 16/1941/.)

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- Article 16. Share-holders who wish to change the denominations of their share-certificates or to exchange stained or damaged share-certificates shall submit to this company an application for the exchange of share-certificates, together with the share-certificates. Share-holders who have lost their share-certificates may apply for their re-issue by submitting an application in accordance with the form specified by this company, together with an attested copy of the judgment of nullification of right. (Revised by the resolution of the regular general meeting of the share-holders on March 28, Showa 15/1940/.)
- Article 17. The transfer of the ownership of share-certificates, exchange of share-certificates and other affairs concerning the delivery of new share-certificates shall be handled at the Tokyo Branch Office also.
- Article 18. Ten sen per share-certificate shall be charged for the transfer of the ownership of share-certificates, for the registration or cancellation of pledges, for the indication and cancellation of trust properties. Fifty sen per share-certificate shall be charged for the exchange of share-certificates, and the delivery of new share-certificates. (Revised by the resolutions of the regular general meetings of the share-holders on March 28, Showa 15/1940/ and on March 27, Showa 16/1941/.)
- Article 19. This company shall suspend the transfer of ownership of share-certificates due to the transfer of the shares, the registration and cancellation of pledges, and the indication and cancellation of trust properties from June 1 to the end of the regular general meeting of the share-holders. (Revised by the resolution of the special general meeting of the share-holders on April 20, Showa 17/1942/ Besides the aforesaid period, if specially necessary, suspension may be made for a specified period, after giving advance public notice. (Revised by the resolution of the regular general meeting of the share-holders on March 28, Showa 15/1940/.)

CHAPTER 3. THE GENERAL MEETING OF THE SHARE-HOLDERS.

- Article 20. The Governor shall convene the regular general meeting of the share-holders in June every year and a special general meeting of the share-holders whenever circumstances make it necessary. (Revised by the resolution of the regular general meeting of the share-holders on March 27, Showa 16/1941/.)
- The general meeting shall be convened in Shanghai or Tokyo. The President shall decide the date, place and agenda of the general meeting.
- During war-time only, the general meeting shall be convoked by giving three weeks in advance public notice instead of individual notices to ten shareholders, of the convocation of a general meeting and its agenda.

Article 21. The chairmanship of the general meeting shall be assumed by the Governor. In case of the Governor's unavoidable absence the Vice-Governor shall assume this post. In case of the unavoidable absence of both the Governor and the Vice-Governor, one of the directors who individually take charge of the company's business shall assume the post. The chairman of the general meeting may vote as a share-holder.

Article 22. A share-holder may entrust another share-holder of this company to vote for him. In this case a power of attorney certifying this authority shall be submitted to the company.

Article 23. The decision of the general meeting shall be made by a majority of the votes of the share-holders present. In case of a tie, the Chairman shall make the casting vote. During war-time only, changes in the articles of incorporation or matters which require decisions prescribed by Article 343 of the Commercial Code shall be decided by a majority of the votes of the share-holders present whose shares exceed half the capital. The number of votes which shall not be allowed to be exercised by virtue of the provisions of Article 5 shall not be included in the number of votes in the preceding two clauses. (Revised by the resolution of the special general meeting of the share-holders on April 20, Showa 17/1942/.)

Article 24. Resolutions for the alteration of the articles of association and for the amalgamation or dissolution shall not take effect without the Government's approval.

Article 24. During war-time only the following matters may be done without Part 2) the resolution of the general meeting of the share-holders:

1. Alteration of the articles of incorporation with regard to to the places of the branch offices due to the establishment, abolition, or removal of the branch offices.
2. The transfer of a part of the business for a counter-value not exceeding one twentieth of the capital.
3. The taking over of the whole business of another company at a counter-value not exceeding one twentieth of the capital.
4. The fixing of remuneration for the officers.

Article 25. The main points of the proceedings of the general meeting and its results shall be recorded in the minutes and signed by the Chairman and also by the Vice President, the Directors and Managers who were present at the meeting.

CHAPTER 4. THE OFFICERS.

Article 26. This company shall have a Governor, a Vice-Governor, three or more Directors and two or more auditors.

Article 27. The Governor shall represent this company and superintend the business.

The Vice-Governor shall assist the Governor, act for the Governor in his absence, and perform the Governor's duties in case of a vacancy in the Governorship.

The Directors shall assist the Governor and perform their respective duties or participate in the management of this company as assigned to them by the Governor.

The Auditors shall inspect the business of this company.

Article 28. The Governor and the Vice-Governor shall be appointed by the Government with Imperial sanction for a term of five years.

The Directors shall be elected by the general meeting of the share-holders, subject to the approval of the Government for a term of four years.

The Auditors shall be elected by the general meeting of the share-holders for a term of three years.

When the number of the Directors or Auditors becomes less than the number prescribed by Article 26, owing to the expiration of their terms of office, the terms of office of those Directors or Auditors whose terms of office have expired shall be extended till the end of the first general meeting of the share-holders following the expiration of their terms. (Revised by the resolution of the special general meeting of the share-holders on April 20, Showa 17/1942/.)

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Article 29. The Governor, Vice-Governor, and/the Directors who have allotted duties in the management of the business shall not engage in other duties or commerce. However, this shall not be applicable if the Government's approval is obtained.

Chapter 5 -- The Business.

Art. 30. This company shall make investments in or finance the following enterprises:

1. Transportation enterprises.
2. Communications enterprises.
3. Electric, gas and water-supply enterprises.
4. Mining enterprises.
5. Marine-product enterprises.
6. In addition to the foregoing enterprises, enterprises necessary for public interests or for the promotion of industries in Central China.

This company may, under special circumstances, operate by itself the foregoing enterprises, with the Government's approval.

Art. 30 (Part 2). Besides the foregoing enterprises, this company may operate, when ordered by the Government, enterprises which are necessary for carrying out such order of the Government.

Chapter 6 -- Central China Development Bonds.

Art. 31. This company may issue, with the Government's approval, Central China Development bonds.

Central China Development bonds may be issued without the resolution prescribed by Art. 343 of the Commercial Code. (Revised by the resolution of the regular general meeting of the share-holders on March 28, Showa 15 /1940/.)

Art. 32. This company may issue Central China Development bonds up to five times the amount of its paid-up capital.

This company may temporarily issue Central China Development bonds beyond the limit prescribed in the preceding paragraph for the purpose of refunding Central China Development bonds. In this case old Central China Development bonds with a face value equal to that of the bonds newly issued, shall be redeemed within one month after the date of issue.

Art. 33. Central China Development bonds shall be bearer bonds. However, they may be registered at the request of the subscribers or owners.

Art. 34. The owners of Central China Development bonds shall have priority claim before any other credit over the properties of this company for the repayment of their own claims.

Art. 35. The provisions of the second paragraph of Art. 16 shall be correspondingly applicable to cases where Central China Development bearer bonds have been lost.

When Central China Development registered bonds have been lost, a request for the delivery of new bonds may be made to this company by drawing up a document giving full reasons, jointly sealed by two or more guarantors acceptable to this company.

Upon receipt of the request mentioned in the preceding paragraph, this company shall immediately give public notice thereof at the expense of the person making the request, and shall deliver new bonds, provided that nobody has protested against it even when sixty days had elapsed.
(Revised by the resolution of the regular general meeting of the share-holders on March 28, Showa 15 /1940/.)

Art. 36. The provisions of the first paragraph of Art. 15 shall be correspondingly applicable to the registration of the change of the owner of Central China Development registered bonds, the provisions of the first paragraph of Art. 16 to stained or damaged Central China Development bonds, the provisions of Art. 17 to the change of denominations or the transfer of ownership, exchange and delivery of Central China Development bonds, and the provisions of Art. 18 to fees charged with respect to Central China Development bonds.
(Revised by the resolution of the regular general meeting of the share-holders on March 28, Showa 15, /1940/.)

Chapter 7 — Accounts.

Art. 37. The business year of this company shall begin from the first of April and close on the thirty-first of March of the following year.
(Revised by the resolution of the regular general meeting of the share-holders on March 28, Showa 15 /1940/.)

Art. 38. The balance remaining after deducting from the gross profits for the business year (including Government subsidies) all losses (including redemptions to the Government) shall constitute the profit of this company.

Art. 39. The profit of this company shall be disposed of, with the Government's approval, as follows:-

1. Legal reserve—10 percent or more of the profit.
2. Reserve for retiring allowances—1 percent or more of the profit.
3. Officers' Bonuses.
4. Dividend to the share-holders.
5. Special Reserve.
6. Undivided Profits.

Art. 40. This company shall not be required to pay dividends on the Government-owned shares until such time as the profit available for dividend each year shall have reached 6 percent per annum of the paid-up amount of the shares owned by share-holders other than the Government.

Art. 41. In case the rate of the incomes of this company each year from investments, loans, and independent enterprises, to the total amount of its investments, loans, and capital employed its own independent enterprises (henceforward to be called "income rate"), does not reach 6 percent per annum, this company shall receive from the Government, until the twelfth business year, a subsidy, within the limit of the total sum of the amounts of the following items, sufficient to cover the shortage until the profit available for dividend to the share-holders other than the Government reaches the rate of 6 percent per annum against the paid-up amount of the shares owned by them.
(Revised by the resolution of the regular general meeting of the share-holders on June 29, Showa 18 /1943/.)

1. The amount obtained by multiplying by 7 percent minus the income rate, that part of the total amount of the investments, loans and the capital employed in the company's own enterprises which represented the paid-up amount of the shares owned by shareholders other than the Government.
 2. The amount obtained by multiplying by 5 percent minus the income rate, that part of the total amount of the investments, loans, and capital employed in the company's own enterprises which represented the income from bonds (including advance loans on debentures).
- . In case the profit available for dividend in each business year exceeds 6 percent per annum of the paid-up

amount of the shares owned by share-holders other than the Government, excess amount shall be used, first of all, for redeeming the subsidies prescribed in the preceding paragraph. The method of calculating the income from investments, loans, and its own enterprises, the total amount of investments, loans, and capital employed in its own enterprises, and that part of this total amount which represented the paid-up amount of the shares owned by share-holders other than the Government, and that part of it which represented the income from bonds, all of which are set forth in the first paragraph, shall be prescribed in an order.

Art. 42. When a dividend in excess of 6 percent per annum is to be paid on the shares owned by share-holders other than the Government in case the profit available for dividend in each business year exceeds 6 percent per annum of the paid-up amount of the shares owned by share-holders other than the Government, the excess profit shall be distributed as dividend for the paid-up amount of the shares owned by persons other than the Government and for that of the shares owned by the Government at the ratio of 1 to 5 until the profit dividend reaches a uniform rate for the paid-up amount of the entire shares.

Art. 43. The dividend shall be paid to the share-holders or pledgees registered on the share-holders register as of 1 June.
(Revised by the resolutions of the regular general meetings of the share-holders on March 28, Showa 15 /1940/ and on March 28, Showa 16 /1941/.)

The date and place of payment of dividend shall be designated by the Governor and notified to the shareholders.

Supplementary Provisions.

Art. 44. The organization expenses to be borne by this company shall not exceed ¥120,000.

If the amount mentioned in the preceding paragraph, the amount advanced by the Government shall be repaid to the Government.

Art. 45. The period from 1 January, Showa 16 /1941/ to 31 March of the same year shall be specially considered as one business year and called "the B business year of Showa 15 /1940/."
(Added by resolution of the regular general meeting of the share-holders on March 27, Showa 16 /1941/.)

(The End)